

Message Text

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SUBJ: GATT BUDGET COMMITTEE, OCTOBER 15-19

REF: (A) STATE 198750

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(C) GENEVA 5474

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BEGIN SUMMARY: GATT BUDGET COMMITTEE REDUCED 1974 CONTRIBUTIONS BY 1,110,000 SWISS FRANCS. US CONTRIBUTION IS (14.84 PCT) SWFR 3,423,500. APPEAL BY STAFF ASSOCIATION FOR SPECIAL 1973 PAYMENT TO STAFF REJECTED ON GROUNDS STAFF PAY PROBLEMS ARE COMMON TO ALL ORGANIZATIONS IN GENEVA USING UN SYSTEM AND SHOULD BE SOLVED IN NEW YORK. SECRETARIAT'S PROPOSALS FOR GATT CONTRIBUTION TO INTERNATIONAL TRADE CENTER AND PROVISION FOR GATT BACKSTOPPING OF MULTILATERAL TRADE NEGOTIATIONS UNCHANGED. GATT MOVE TO ILO BUILDING INCONCLUSIVELY DISCUSSED. REPRESENTATION ALLOWANCE FOR GATT DIRECTOR GENERAL NOT DISCUSSED DESPITE US APPEAL (SUPPORTED BY CANADA AND SWEDEN) THAT SUBJECT SHOULD NOT BE CONSIDERED IN COUNCIL BEFORE BUDGET COMMITTEE CONSIDERS. END SUMMARY

1. COMMITTEE AGREED RECOMMEND CONTRIBUTIONS BUDGET OF 23,130,000 SWISS FRANCS FOR 1974, A REDUCTION OF 1,110,000 FROM ORIGINAL 1974 ESTIMATES. US CONTRIBUTION

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WOULD BE 14.84 PCT, OR SWFR 3,423,500, A REDUCTION OF

191,400 FROM THE ORIGINAL ESTIMATES.

2. EXPENDITURE BUDGET TOTALS SWFR 24,414,000 TO BE FINANCED BY CONTRIBUTIONS AND BY MISCELLANEOUS INCOME OF 1,284,000. (LARGE MISCELLANEOUS INCOME IS THE RESULT OF DECISION TO TRANSFER ONE MILLION OF EXCEPTIONALLY LARGE 1973 SURPLUS TO 1974 INCOME INSTEAD OF USUAL PROCEDURE OF LETTING IT REMAIN ON THE BOOKS UNTIL CLOSING OF 1973 ACCOUNTS AND THEN TRANSFERRING IT TO 1975 INCOME.) EXPENDITURE BUDGET CALLS FOR NET REDUCTIONS OF 105,000 IN PART I (MEETINGS) OF ESTIMATES CONTAINED IN GATT DOCUMENT L/3880, AND 41,000 IN PART II (SECRETARIAT). PART III (UNFORESEEN EXPENDITURE) INCREASED BY 40,000. PARTS IV (TRADE NEGOTIATIONS) AND V (INTERNATIONAL TRADE CENTER) UNCHANGED.

3. MAIN ISSUES IN MEETING WERE REQUESTED FROM STAFF ASSOCIATION (REFC) FOR SPECIAL AD HOC 1973 PAYMENT TO EMPLOYEES, DISPOSITION OF LARGE 1973 SURPLUS, PROPOSALS FOR CONTRIBUTIONS TO STAFF ASSISTANCE FUND FOR 1973 AND 1974, NEW POSTS AND UPGRADINGS FOR GATT AND THE INTERNATIONAL TRADE CENTER IN 1974, AMOUNTS PROVIDED FOR SPECIFIC ITEMS IN PARTS I AND II, GATT MOVE TO OLD ILO BUILDING (REFD), AND DIRECTOR GENERAL'S REPRESENTATION ALLOWANCE. TRADE CENTER (PARTV) WAS APPROVED IN FULL (AD REFERENDUM BY SOME DELEGATIONS) WHEN CENTER SECRETARIAT REPORTED THAT ACABQ REPORT (STILL NOT AVAILABLE HERE) CALLS FOR NO REDUCTION FROM ORIGINAL ESTIMATES. US AGREEMENT WAS CONTINGENT ON CONFIRMATION THAT ACABQ DOES IN FACT FULLY APPROVE ITC BUDGET. THERE WAS NO SENTIMANE FOR CUTTING PROVISION FOR TRADE NEGOTIATIONS (PART IV).

4. ALL DELEGATIONS AGREED THAT STAFF ASSOICATION REQUEST (REF C) WAS UN MATTER. CHAIRMAN WILL INFORM ASSOCIATION SPOKESMEN THAT COMMITTEE SYMPATHIZES BUT CANNOT ACT. (WE HAVE HEARD ONE RUMOR THAT ASSOCIATION MAY TRY TO SPEAK TO CONTRACTING PARTIES MEETING IN NOVEMBER.)

5. SECRETARIAT WANTED ONLY SWFR 700,000 OF 1973 SURPLUS LIMITED OFFICIAL USE

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APPLIED TO 1974 BUT US, GERMAN AND FRENCH SUPPORT FOR ONE MILLION CARRIED COMMITTEE. SECRETARIAT RELUCTANTLY AGREED.

6. DIRECTOR GENERAL PERSONALLY PROPOSED CONTRIBUTION OF SWFR 15,000 FROM 1973 SURPLUS FOR STAFF ASSISTANCE FUND TO HELP GATT PENSIONERS EXPERIENCING GENUINE HARDSHIP, SOME AS A RESULT OF EFFECTS OF EXCHANGE RATE

CHANGES ON PENSIONS. 1974 BUDGET CONTAINS 20,000 FOR SAME ITEM. SEVERAL DELEGATIONS HAD PROBLEMS WITH ONE OR BOTH PROPOSALS BUT ALL AGREED ON BASIS THAT FUNDS MUST BE USED ONLY FOR GENUINE HARDSHIP AND THAT AGREEMENT DOES NOT IMPLY COMMITMENT FOR FUTURE YEARS. US ACCEPTED 1973 ITEM AD REFERENDUM ON GROUNDS INSTRUCTIONS COVERED ONLY 1974. (REQUEST AUTHORIZATION TO APPROVE.)

7. MANY DELEGATIONS (INCLUDING US) QUESTIONED NEW POSTS AND UPGRADINGS BUT GATT AND ITC SECRETARIATE MADE STRONG DEFENSE. POSTS AND UPGRADINGS APPROVED ON CONDITION SECRETARIAT PREPARE STUDY OF UPGRADING PROBLEM IN GATT AND ITC COMPARED WITH OTHER ORGANIZATIONS AND PROPOSE NEW SYSTEM TO HANDLE THIS PERENNIAL PROBLEM.

8. CUTS IN PART I INCLUDE SWFR 30,000 IN SECTION 2 (MEETINGS OF COUNCIL AND OTHER MEETINGS) AND ALL (SWFR 75,000) OF SECTION 3 (COLLOQUIUM). CUTS IN PART II INCLUDE SECTION 1(II) (TEMPORARY ASSISTANCE), SECTION 1(VII) (FAMILY ALLOWANCES), AND SECTION 6 (PUBLIC INFORMATION. INCREASES WERE MADE IN PART II, SECTION 1(IV) (CONTRIBUTIONS TO PENSION FUND) AND IN PART III (UNFORESEEN EXPENDITURE).

9. GATT MOVE TO ILO BUILDING (REF D) EXTENSIVELY BUT INCONCLUSIVELY DISCUSSED. COMMITTEE WILL CONTINUE DISCUSSION OCTOBER 29. CHAIRMAN PLANS TO HAVE REPORT FOR CONTRACTING PARTIES NOVEMBER MEETING, PRESUMABLY RECOMMENDING THAT SECRETARIAT BE AUTHORIZED TO MAKE A DEAL ON THE NEW QUARTERS. ANY COMMENTS US WANTS TO MAKE SHOULD BE SENT TO MISSION BEFORE THAT DATE.

10. US WAS ONLY DELEGATION TO SPEAK ON DIRECTOR GENERAL'S LIMITED OFFICIAL USE

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REPRESENTATION ALLOWANCE. US DEL SAID THAT US COULD ACCEPT THE 30,300 FRANCS PROVIDED IN BUDGET AND ASSUMED THAT SILENCE FROM OTHER DELS MEANT THAT MATTER WOULD NOT BE RAISED IN GATT COUNCIL SINCE BUDGET COMMITTEE SHOULD CONSIDER IT FIRST. UK "SAW LOGIC IN US POSITION" AND CANADA AND SWEDEN SUPPORTED, BUT CHAIRMAN (MOELLER) CONSIDERED QUESTION OF REPRESENTATION A MATTER FOR THE COUNCIL. MISSION WILL BE GUIDED BY REF E. BASSIN

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